

## OUR GOVERNANCE APPROACH

Our governance approach provides the framework for how we drive performance and reaches far beyond what we are required to do – to what is right to do. Integrity is a value embedded in our corporate culture and facilitates ethical decision making, allows us to build trust among stakeholders and supports stability within the business.

Our [Code of Business Conduct and Ethics](#) guides policies and procedures that in turn shape how we work. These policies and procedures support compliance with local, state, federal and national laws and regulations, including securities requirements to promote the best interest of the enterprise and enhance our reputation as a world-class responsible mining company. The Code of Business Conduct and Ethics provides support for ethical decision-making and covers key areas including conflicts of interest, antitrust and unfair competition, fraud, commercial relationships, financial reporting and harassment, among others.

In addition, key governance practices are outlined in our [Corporate Governance Guidelines](#). Our practices include an independent non-executive chairman, annual election of all directors, majority voting in director elections, annual board and committee evaluations, independent board committees, annual “Say-on-Pay” advisory voting, proxy access rights and robust stock ownership guidelines, among others. In addition, our executive compensation program is consistent with best practices, aligns

management with shareholders, and incorporates safety and environmental reclamation metrics.

Our approach to corporate governance also focuses on identifying, managing and mitigating risk. Our board of directors oversees an enterprise-wide assessment of risks to appropriately manage and achieve organizational objectives to drive long-term shareholder value.

At Peabody, we routinely engage in open and constructive dialogue with stakeholders, including shareholders, governments and industry groups. We believe it is essential for us to participate constructively in the political process and provide recommendations to policymakers on global energy, environmental and economic matters.

Peabody seeks areas of alignment, utilizing a ‘common ground’ approach that advances the use of coal as part of a balanced energy mix, while working to achieve environmental goals through the use of technology.



### Target #5

Apply an expanded supplier screening process and develop a formal supplier code of conduct.

*North Antelope Rochelle Mine*



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## Board of Directors

Peabody is governed by a board of directors that offers experience across multiple global tier-one mining, energy, utilities, equipment and capital markets companies, and eleven of our twelve directors are independent.

Each board member serves on one or more of five standing committees: Audit; Compensation; Executive; Health, Safety, Security and Environmental; and Nominating and Corporate Governance. Each committee has adopted a formal charter that describes in detail its purpose, organizational structure and responsibilities. The board conducts an annual self-evaluation to determine whether it and its committees are functioning effectively. In addition, the full board is present for all regular committee meetings.

The board operates under a set of governance principles covering such issues as board and management roles and responsibilities, board

composition and director qualifications, election procedures, meeting procedures, committee functions, director orientation and continuing education, management evaluation and succession, and overall corporate compliance and safety standards.

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Committee charters for Peabody's Board of Directors can be found at [PeabodyEnergy.com](https://www.peabodyenergy.com)

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Peabody's corporate ethics and compliance and safety programs are subject to ongoing evaluation and oversight. The board of directors ensures appropriate corporate governance practices through a dotted-line reporting relationship between management's compliance function and the board's Nominating and Corporate Governance Committee.

## PEABODY APPOINTS NEW MEMBERS TO BOARD OF DIRECTORS

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In February 2020, Peabody welcomed three new members to the company's board of directors. The board was expanded to include Elliott Management Equity Partner **Dave Miller** (left), Elliott Management Portfolio Manager **Samantha Algaze** (center) and tenured coal industry executive **Darren Yeates** (right). Together, these individuals bring a broad range of financial, portfolio and operational expertise that complements the strong skill sets and diverse perspectives already presented in the company's board of directors.





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## Risk Management

At Peabody, we believe it is fundamental to understand the risks we face, how those risks may evolve over time, and what steps we can take to manage and mitigate those risks relative to our risk tolerance.

Peabody has a robust Enterprise Risk Management (ERM) process applied at all key levels of the organization. We have developed a standard framework for evaluating risk consequences and likelihood to ensure consistent application and appropriate escalation across the platform.

Our global functions evaluate the risks specific to their respective area. Each function develops escalation and action plans for these risks, then monitors any material changes over time and documents results on area-specific risk registers.

The findings from each area are reported to our executive level ERM Committee, which evaluates the completeness of assessments and the adequacy of action plans and ensures consistency with public disclosures. In addition, the board of directors is provided an update each quarter on major risks and changes. Each board member is also interviewed on an annual basis to share thoughts and concerns on key risks.

## Employee Responsibility

Peabody informs employees of their obligation to act in a responsible, ethical and constructive manner through workplace communications, online tools and in-person training sessions. The company also provides targeted education based on employee business function to mitigate key risks, including fraud detection and prevention, anti-bribery and corruption.

Employees are encouraged to report concerns of misconduct directly to their managers, Human Resources representatives, the Chief Legal Officer, Compliance Officer, or to contact the company's confidential and anonymous Tell Peabody hotline.

Reports to the hotline are managed by the company's Compliance Officer who determines, in consultation with management and others, the appropriate action, including investigation. Report summaries are regularly distributed to senior management and discussed with the Nominating and Corporate Governance Committee.

## Political and Lobbying Activities

In 2019, Peabody made \$236,142 in U.S. corporate political contributions. In addition, \$63,000 in political contributions were made by the Peabody's Political Action Committee (Peabody PAC), a nonpartisan political fund that provides financial support to candidates and is funded entirely through voluntary contributions, primarily from Peabody employees who meet certain eligibility requirements.

Peabody's total U.S. federal lobbying expense for 2019 was approximately \$1.33 million, as determined using the Lobbying Disclosure Act method for reporting such expenditures.

Peabody political contributions, Peabody PAC and U.S. lobbying expenditures are a matter of public record, and the most current information is available through the Federal Election Commission, state campaign finance report, and the U.S. Senate and U.S. House of Representatives. Peabody publicly reports U.S. federal lobbying expenses on a quarterly basis, including the issues lobbied. Our reports are filed under the name of Peabody Investments Corp.

Where required, Peabody files similar periodic reports with state agencies, reflecting state lobbying activities. Unlike other states, Indiana requires that lobbyist compensation be publicly disclosed, and we reported \$60,000 in expenses for fiscal year 2019. No lobbying expense was reported in any other state.

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## Industry Groups, Trade Associations and Other Organizations

Peabody is a member of numerous industry groups and trade associations, as well as nonprofit organizations that represent the mining industry and business community in discussions led by governments and other stakeholders. These groups help the industry reach consensus on policy issues.

Peabody has been advised by the organizations to which it belongs that approximately \$270,539 of the annual dues and other company payments to U.S. industry groups and trade associations in 2019 were used for lobbying expenditures and/or political activities.

## Oversight of Political and Lobbying Activities

For the past several years, Peabody has actively worked to expand our support to candidates on both sides of the political aisle. Peabody recognizes that political candidates, office holders, industry groups and trade associations may support positions that align with some of our interests but conflict with other interests. In these instances, the company bases involvement on those areas of agreement that it believes will bring about good public policy.

Peabody political and lobbying activities are directed by members of the executive leadership team with oversight from the company's board of directors and are conducted in accordance with applicable law and corporate policies as well as our Code of Business Conduct and Ethics.

The Nominating and Corporate Governance Committee of the board of directors annually reviews recipients and amounts of political contributions made by Peabody and the Peabody PAC (to the extent permitted by law), as well as information regarding lobbying expenditures, industry group and trade association participation and grassroots lobbying expenditures.

## Stakeholder Engagement

As part of our commitment to transparency and disclosure, we participate in ongoing communication with our stakeholders, including investors, employees, customers, suppliers, governments and industry groups. We seek to strengthen our relationship with these stakeholders through discussions around topics such as our business strategy and priorities, operational updates and our holistic approach to ESG, including executive compensation, among other topics.

We appreciate feedback from all stakeholders and have established communication channels, including key relationship contacts and direct lines to Peabody's corporate headquarters. Communications are elevated to the executive leadership team and are forwarded and reviewed by the full board as appropriate.



### Target #6

Evaluate alignment with applicable ESG disclosure platforms.

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For additional details on [Peabody's 2019 political contributions, PAC contributions, lobbying activities](#) and [industry groups and trade associations](#), please visit [PeabodyEnergy.com](#). Peabody's [Corporate Policy on Political Contributions](#) and [Corporate Policy on Lobbying Activities](#) can also be found on our website.

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